



From the desk of ODNCI Chief Catherine Sheppard

*"The art of progress is to
preserve order amid change."*

Alfred North Whitehead
*English Mathematician &
Philosopher (1861–1947)*

As I write this article you are no doubt aware of, and perhaps even somewhat concerned by, the restructuring of the Department of Energy (DOE) Intelligence and Counterintelligence functions. I will use this communication to update you on the current state of that transition and will discuss my sense of its impact on our CI mission. I ask that, even in the face of some uncertainty regarding the ultimate outcome of these changes, you continue your excellent work in support of the people and resources of the Department and the National Nuclear Security Administration (NNSA). If there

is any certainty in these somewhat uncertain times, it surely is that we are fortunate to have talented, highly professional people carrying out the counterintelligence mission for the Department and NNSA. On March 9, 2006, the Deputy Secretary, Clay Sell, approved the consolidation of the DOE Offices of Intelligence and Counterintelligence under the authority of the Senior Intelligence Officer (SIO), Rolf Mowatt-Larssen. Since then (and even before) the then Acting-Director of the Office of Counterintelligence and I have met regularly with the SIO to discuss the transition to a consolidated structure. While the DOE General Counsel has made a determination that the Secretary has the authority to consolidate the DOE offices, it is understood that an amendment to the NNSA Act would be required in order to include the NNSA's Office of Defense Nuclear Counterintelligence (ODNCI) in this consolidation.

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Be aware of your computer status at all times — Never



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Counterintelligence Press Highlights Updates

By
Gary Chidester
Headquarters

In our August 2005 CI Quarterly we reported the arrest and indictment of Lawrence Anthony Franklin on the charge of communicating classified US national defense information to persons not entitled to receive that type of information. Mr. Franklin was convicted on three counts related to original charges on 20 January 2006, which pertained to the passing of information to an Israeli diplomat and two pro-Israeli lobbyists about a Middle East country. He was sentenced to twelve and a half years and a fine of \$10,000. In our December 2005 CI Quarterly we reported the arrest and indictment of three Chinese natives on charges of acting as agents of a foreign government without notifications and approvals. One individual, Chi Mak, a naturalized US Citizen, recently had a hearing concerning his possible release on bail. The judge denied a request to free Mak stating that he was going to stick to his previous ruling of detainment without bond. Authorities have said that Mak has been feeding information to China since 1983.



CIA Photograph

Awareness Program Gizmos and Gadgets

By
Deanna Austin
Headquarters

This hollow container, fashioned to look like an Eisenhower silver dollar, is still used today to hide and send messages or film without being detected. Because it resembles ordinary pocket change, it is virtually undetectable. Hollow coins, carefully machined from two actual coins, blend into a pocketful of change and are easy to conceal. This example is made from a silver dollar, a rather large coin, giving it a relatively large capacity.

Found by a paperboy during his routine weekly collection, this hollow nickel contained a miniature photograph showing numbers arranged in columns. The hollow Jefferson nickel was formed using two coins and had a tiny hole drilled in the letter R of the word "TRUST" to accept a device to open the coin. The FBI suspected what it contained was a coded espionage message.

The key to this mystery was a 36-year old Lieutenant Colonel in the KGB, who telephoned the US Embassy in Paris early in May 1957, stating that for the last five years, "I have been operating in the United States. Now I need your help." This spy, Reino Hayhanen, had just been ordered to return to Moscow and dreaded going back to his communist homeland after five years in the United States. He chose to defect.

Hayhanen was able to provide enough information about Soviet encryption and decryption to break the code hidden within the nickel. Hayhanen continued to operate as a Soviet spy, and was instrumental in identifying two of his espionage supervisors and an Army sergeant Roy Rhodes who had initially been recruited while serving in Moscow. Mikhail Nikolaevich Svirin, who had served as the First Secretary to the Soviet United Nations Delegation in New York was out of reach having returned to Moscow before he was identified.



FBI Photographs

Hollow coins can be used to smuggle small written messages, microdots or film. In similar fashion, U-2 pilot Francis Gary Powers carried a poison-tipped needle hidden in a silver dollar.

But the coin doesn't have to be a large silver dollar, especially since silver dollars are not so common in 2006 with so many virtually out of circulation. But, in 1953, a nickel led to the downfall of a Russian spy ring.

Colonel Hayhanen's last espionage supervisor was Rudolf Ivanovich Abel who was indicted as a Russian spy, sentenced to serve a total of 45 years in federal prison and to pay \$3,000 in fines. The Supreme Court upheld his conviction in 1960. Because of a hollow nickel accidentally discovered by a paperboy, a Soviet spy ring was shattered. In 1962, Colonel Abel was exchanged for U-2 pilot Francis Gary Powers.

Espionage Investigations

By:

Clyde (Gene) Johannes (INL)

Why was Aldrich Ames able to spy for the Soviet Union against the United States from 1985 to 1994? How was Robert Hanssen able to spy on the United States from 1979 - 2001 without being caught? These are very good questions that



help bring to light some of the basic differences between an espionage investigation and a criminal investigation. A criminal investigation usually begins with a crime scene which contains signs that a crime has been committed. An espionage investigation usually begins with a “possible” indicator that an act of espionage may or may not have taken place, i.e. John Doe paid cash for a home and he makes the same amount that I do, while in country “X” I saw a prototype that looked a lot like our prototype and we thought they were 10 years behind us in research, or I know that John Doe has taken more foreign trips than he indicated on his security form! While these statements are suspicious; when explored, they may have perfectly legitimate explanations or they could be indications that an act of espionage has taken or is taking place. Hence, intelligence investigators are generally investigating the indication or possibility of a crime, rather than an actual known crime.

The case of Aldrich Ames was an oddity in that the intelligence community knew there was a problem when the vast majority of covert intelligence sources in the Soviet Union/Russia were either imprisoned or executed in a relatively short period of time. Even with this knowledge the question was – Where is the leak? It took approximately two years of internal investigations to narrow it down to the agency where the leaked information was thought to have originated. Who had access or knowledge to all of these intelligence sources? It took another two years of sifting through and eliminating individuals with access until a short list of “possible” suspects was arrived at. Then focusing the investigation on the “possible” suspects until the actual spy was identified. The process can be

made more difficult if indicators or suspects have overlaps in time periods or information access. In the case of Robert Hanssen, were the indicators of possible information being passed the result of another spy within the U.S. or simply the repercussions of Ames’ actions?

In both the Ames and Hanssen cases, there were indicators that something “Just Didn’t Look Right.” There was unexplained affluence among other indicators in both cases. The importance of reporting possible indicators or those things that “Just Don’t Look Right” cannot be over emphasized. If something is worth YOU taking the time to stop and think that something “Just Doesn’t Look Right,” then it is worth reporting. The majorities of reported indicators have legitimate explanations and are resolved with a discrete and unobtrusive inquiry. It is a small minority of reported concerns that turn into an inquiry, and an even smaller number of concerns that lead to a full investigation.

What are some possible indicators? A study was conducted of convicted espionage agents that revealed the presence of one or more of the following indicators: revenge, unexplained affluence, seeking information without a need to know, working odd hours, excessive debt, alcohol or drug abuse, emotionally unstable, “skeleton in the closet,” unexplained travel, etc. This does NOT mean that a person displaying or possessing one or more of these indicators is a “spy,” but it is worth reporting so that an explanation for the indicator may be found and a determination as to the validity of the explanation may be made.

The importance of employees reporting their concerns so that those concerns may be discreetly checked and a determination made cannot be over emphasized. Without a crime scene, the reporting of employee concerns is vital to countering the collection of information by foreign individuals, companies, countries, and terrorists. It is vital that all employees check with their local security offices or law enforcement offices to become informed of proper reporting channels.

Remember JDLR
“ If It Just Doesn’t Look Right”
Report It!

From the desk of ODNCI Chief
(Continued from Page 1)

The Department intends to submit legislation to effect our inclusion in the consolidation. In the meantime as the Chief, ODNCI, I have a keen interest in how the DOE consolidation plays out, inasmuch as we in ODNCI have, for our entire history, relied upon a shared budget and headquarters staff (both of which are managed by our DOE counterpart).

A number of "transition teams" were formed, chaired by Intelligence and Counterintelligence reps, to develop proposals for integrating like functions and to clarify relationships for complementary functions. On March 17, 2006, the teams briefed the SIO, John Swift and me on their recommendations. Likewise, as I write this, our Senior Counterintelligence Officers (SCIOs) and Foreign Intelligence Element (FIE) Directors are meeting in Santa Barbara to develop recommendations to enhance their collaborations. As final decisions are made regarding all of these recommendations, we will let you know how the new organizational structure is implemented and what the authorities and responsibilities of each part will be. It is my firm conviction that whatever the eventual structure of the consolidated office, there will continue to be a need for robust, dedicated counterintelligence activity at the field level to ensure our people and resources are protected. Myriad commissions and think-tank studies that collectively underscore the need for continued vigilance against the efforts of foreign intelligence services and terrorist groups have validated this need, over and over again. Continue your focus on that mission and you will be doing the right thing, for the Department and the country.

ORNL bids Farewell

By:
Norman C. Couns—ORNL



Sue Owen Retired 12/31/05 after 31 years total at ORNL. Her last several years were as the SCIOs #1 Executive Assistant.

Congratulations Sue!!

Foreign Travel Tips

When traveling to sensitive foreign countries, all employees are required to complete a pre- and post-trip briefing. The specific actions that must be taken before and after traveling to sensitive foreign countries include:

- ♦ Schedule a pre-travel counterintelligence briefing with local Office of Counterintelligence offices before leaving.
- ♦ Participate in a debriefing with local counterintelligence officers (CIOs) upon your return from travel.

Pre-travel briefings are necessary because they provide the traveler the latest information concerning the threats posed in the foreign location. In addition they inform individuals how to guard against and what to expect when traveling to sensitive foreign countries. Also they educate DOE employees on specific methods that foreign intelligence services use to obtain information, which include:

Elicitation – An effort in which seemingly normal conversation is contrived to extract information about individuals, their work, and their colleagues.

— Eavesdropping – Gathering information in social environments by listening in on a private conversation.

Bag Operations – Efforts to steal photograph, or photocopy documents, magnetic media, and laptop computers. This could occur in one's hotel room, in an airport, in a conference room, or in any other situation where the opportunity presents itself and materials are vulnerable.

Electronic Interpretation – Use of devices to electronically monitor an individual's use of modern telecommunications, office, hotel, portable telephones, faxes and computers.

Technical Eavesdropping – Use of audio and visual devices, usually concealed in hotel rooms, ants, offices, cars and airplanes.

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